



STRATEGIC ENERGY RESOURCES LIMITED
ACN 051 212 429

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South Melbourne VIC 3205

6 October 2017

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Quarterly Report to 30 September 2017

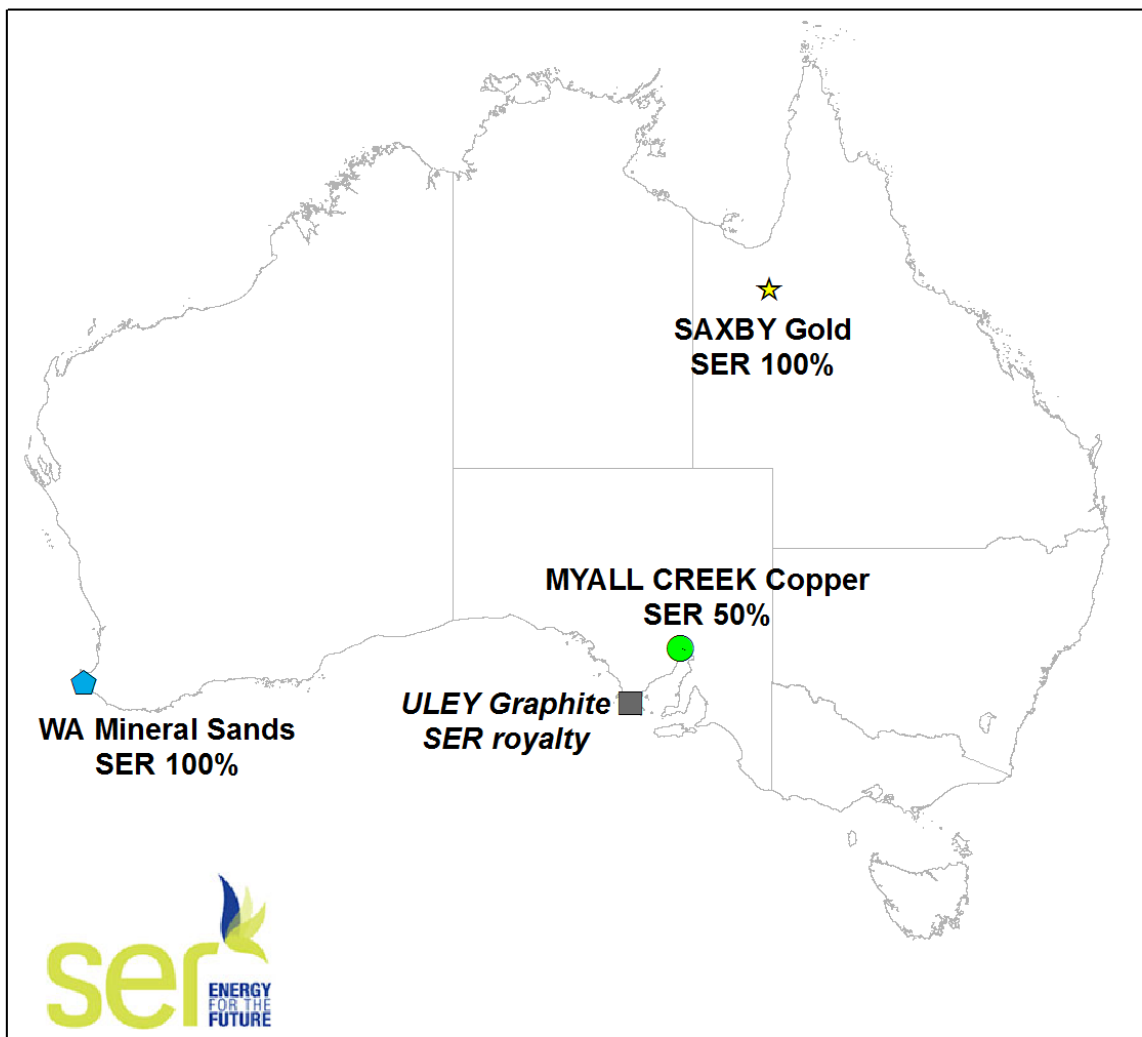


Figure 1: SER Exploration Projects

Strategic Energy Resources Limited (ASX Code: SER) is a diversified mineral exploration company and major shareholder of Ionic Industries Ltd and Valence Industries Ltd

CORPORATE AND INVESTMENTS

CAPITAL RAISING

Following the passing of all resolutions at the General Meeting of Shareholders on 27 July 2017, SER completed two placements on 3 and 31 August 2017 to raise a total of \$2,178,171. SER is now well placed to advance our exploration projects and evaluate new opportunities in mineral exploration as market conditions improve in the resources sector.

IONIC INDUSTRIES UPDATE (SER 16%)

Following a successful capital raising last quarter, Ionic has developed and patented a process for economically mass-producing micro supercapacitors.

Since publishing the most satisfying results on graphene micro planar supercapacitors two years ago, Ionic has been working toward developing a device that not only demonstrates similar performance but can be produced at scale to deliver an economically viable device. This culminated in September 2017 with the filing of a new patent titled: Capacitive energy storage device and method of producing same (Australian Provisional Patent Application 2017903619).

The new patent covers:

- the design of the planar micro supercapacitor printed on a porous film;
- the technique of stacking multiple layers of planar supercapacitors to create a 3-D device that has ground-breaking energy and power density characteristics; and, most importantly,
- the method for mass printing these devices at low cost.

The critical element in this new technology is the ability to print the supercapacitors in the 1000s per minute, rather than individually creating each device with an expensive, direct-write approaches using lasers or ion beams.

The team is now working on assembling the prototype device which is on track for completion next quarter before a testing phase that will take several months.

REQUISITION OF THE BOARD OF QUANTUM GRAPHITE (SER 11%)

On 5 July 2017, SER as a substantial shareholder of Quantum Graphite Limited (ASX: QGL) (formerly Valence Industries Limited), gave notice under s249D of the *Corporations Act 2001 (Cth)* to the Directors of QGL to requisition a general meeting of shareholders to occur within 2 months. QGL failed to call the meeting and failed to provide a copy of QGL's register of members as required by the Corporations Act. SER has provided all relevant information regarding breaches of the law to ASIC.

In late September, SER obtained a copy of the QGL register of members via s174 of the Corporations Act and is now preparing to call a general meeting of shareholders to remove the directors of QGL and replace them with SER's nominated candidates. SER is continuing to progress this matter and will provide shareholders with further updates in due course.

MINERAL EXPLORATION

HEAVY MINERAL SANDS EXPLORATION WESTERN AUSTRALIA (SER 100%)

SER has pegged additional ground immediately west of Ambergate where we believe there is good potential for further heavy mineral sand mineralisation to be found.

Compilation and digitisation of historic data at Witchcliffe has commenced.

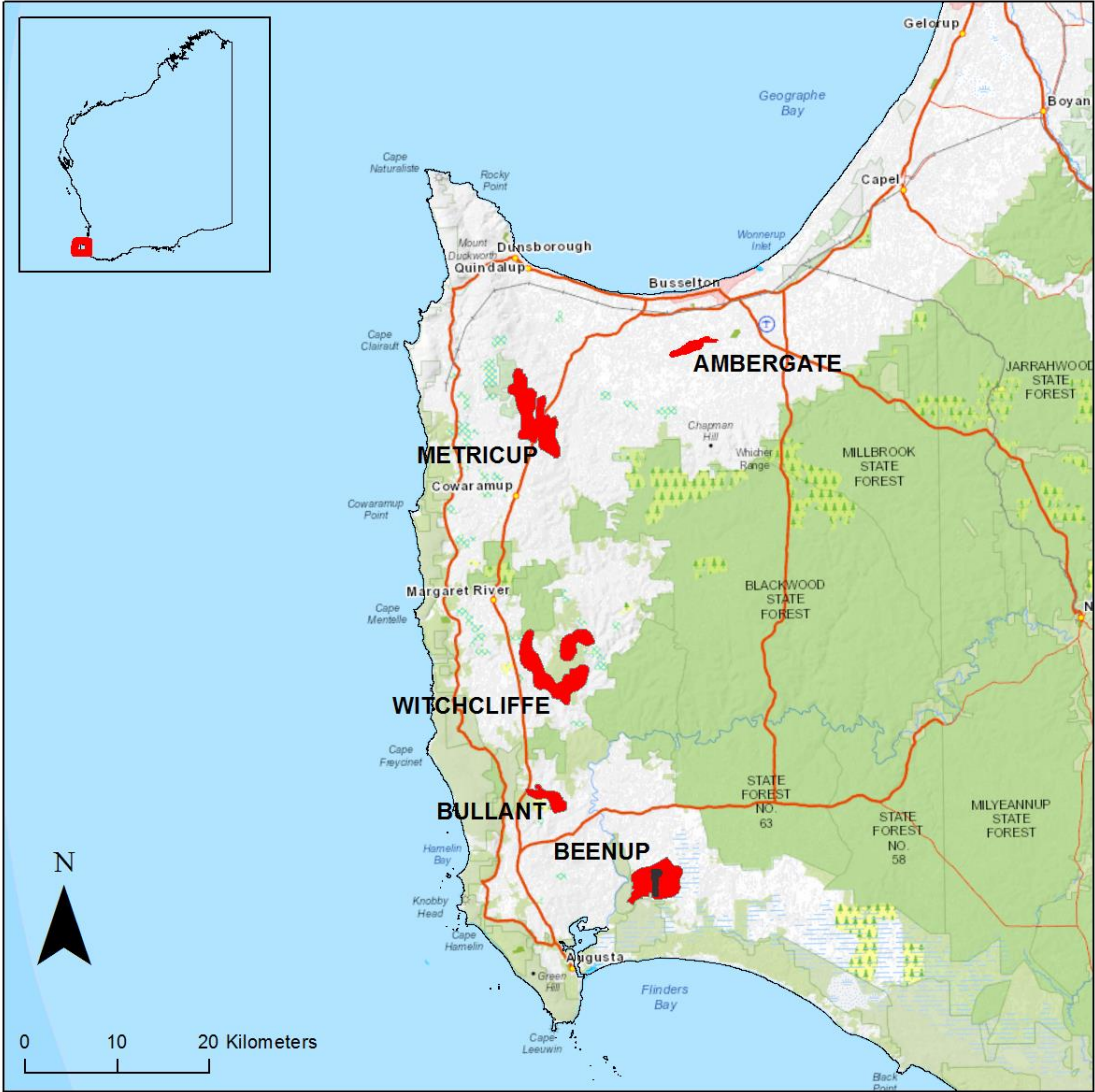


Figure 2: SER's Western Australia Heavy Mineral Sands projects

SAXBY GOLD PROJECT

QUEENSLAND (SER 100%)

During the quarter, SER continued preparation for drilling at our 100% Saxby Gold Project in northwest Queensland where historic drilling includes high grade zones of 9m @ 11.27g/t Au and 8m @ 15.1 g/t Au.

Over the past few months, SER has been working to resolve difficulties regarding land access. The original Native Title claimant group was dismissed by the Federal Court. This meant our existing agreement was no longer valid and a new agreement had to be reached with the subsequent claimant group. During negotiations regarding the new agreement, the group again changed and the process recommenced. SER and the final group have now concluded a binding agreement which is in the process of being registered.

Unfortunately, due to these delays it will not be possible to safely drill Saxby before the wet season and drilling will be delayed until next year. SER is disappointed with this result, however it does allow us to apply for Queensland Government “Collaborative Exploration Initiative” co-funding (awarded in December 2017).

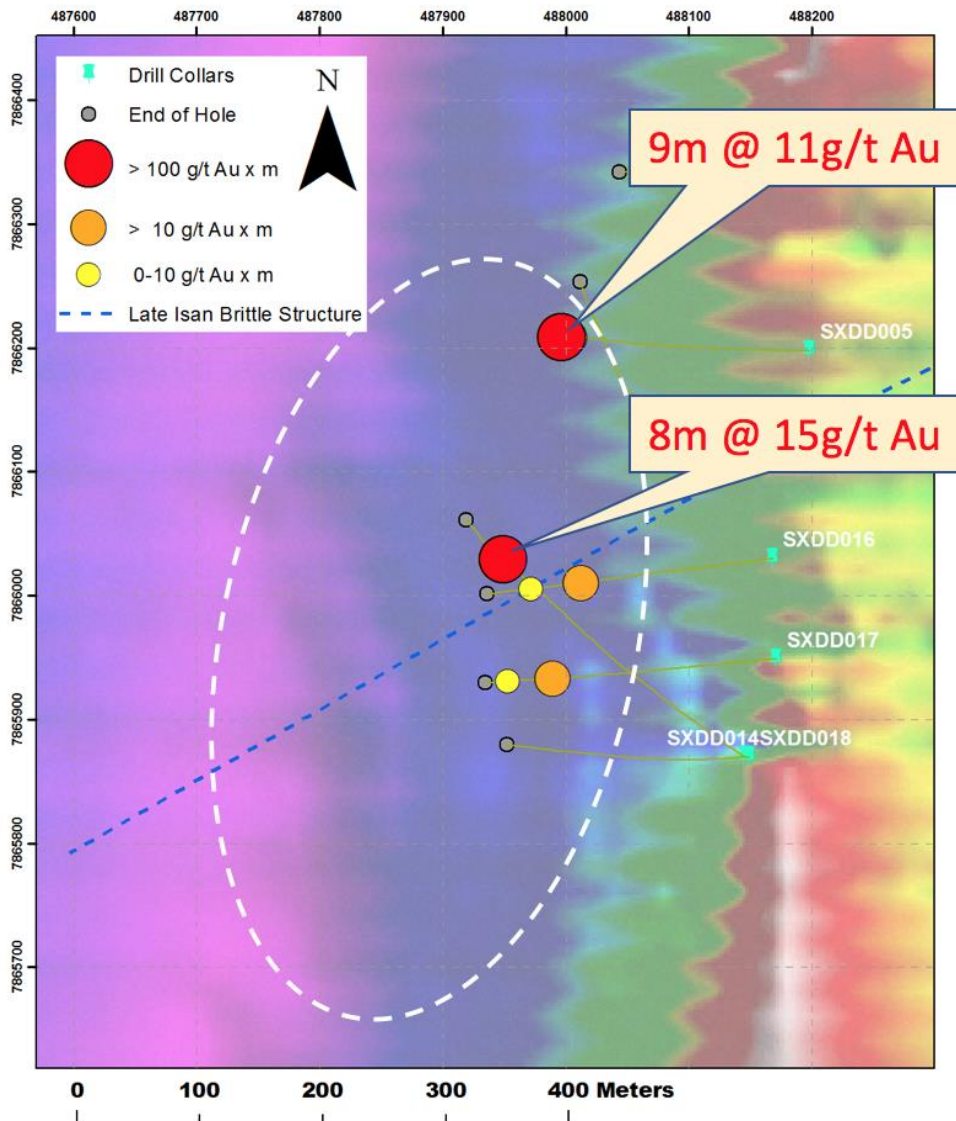


Figure 3: Previous drilling at Saxby over Magnetics with gold intercepts and SER focus area (white dashed)

MYALL CREEK COPPER-GOLD PROJECT SOUTH AUSTRALIA (SER 100%)

During the quarter, joint venture partner U Energy Pty Ltd withdrew from the Myall Creek Copper-Gold project. SER is now the 100% holder of this project.

INTERESTS IN MINING TENEMENTS

| Mining Tenement | Location | Beneficial Percentage held | Interest acquired/farm-in or disposed/farm-out during the quarter |
|------------------------|-------------------|-----------------------------------|--|
| EL 5010 | South Australia | 0% | <i>Tenement expired; SER not renewing</i> |
| EL 5011 | South Australia | 100% | JV partner withdrew; SER now 100% |
| EL 5898 | South Australia | 100% | - |
| EPM15398 | Queensland | 100% | - |
| EPM26420 | Queensland | | N/A Application only |
| E70/4793 | Western Australia | 100% | - |
| E70/4797 | Western Australia | 100% | - |
| E70/4799 | Western Australia | 100% | - |
| E70/4805 | Western Australia | 100% | - |
| E70/4807 | Western Australia | 100% | - |
| E70/4874 | Western Australia | 100% | - |
| E70/5012 | Western Australia | | N/A Application only |

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

30 SEPTEMBER 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (90) | (90) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (36) | (36) |
| (e) administration and corporate costs | (95) | (95) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 4 | 4 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (217) | (217) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other Exploration and Evaluation | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 2,178 | 2,178 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (25) | (25) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 2,153 | 2,153 |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 174 | 174 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (217) | (217) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 2,153 | 2,153 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 2,110 | 2,110 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Bank balances | 2,110 | 174 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,110 | 174 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 119 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Director's fees and consulting fees paid during the September 2017 quarter.

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

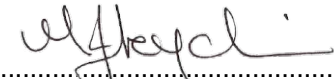
N/A

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 130 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 50 |
| 9.5 Administration and corporate costs | 70 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 250 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|-------------------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | EL 5010 (SA) | Tenement expired. SER not renewing. | 75% | - |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | EL 5011 (SA) | JV partner withdrew. | 50% | 100% |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 6 October 2017
(Company secretary)

Print name: Melanie Leydin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.